

MINUTES OF BOARD MEETING # 441

August 9, 2005 12:13 PM

Members Present:

Daniel W. Varin, Chairman
William Penn, V. Chairman
Frank Perry
William Stamp, III
June Swallow
Timothy Brown
Alicia Good*

Members Absent:

Robert Griffith
William Parsons
Jon Schock

*Member designee

Staff Present:

Kathleen Crawley
Elaine Maguire
Brian Riggs
Beverly O'Keefe
Tracy Shields
William Riveroso
Rob Christina

Guests:

Jennifer West, Audubon Society of RI
Pasquale DeLise, BCWA
S. Keith White, Jr., White Appraisal
Juan Mariscal, Incoming General Manager

1. CALL TO ORDER

With a quorum present, Chairman Varin called the meeting to order at 12:13 PM.

2. APPROVAL OF MINUTES:

Mr. Stamp made a motion to accept the minutes with a second by Mr. Brown. The Chairman noted one correction in Item 1 that the last acronym on line 4 should be USGS. With that correction, the motion carried unanimously.

3. CHIEF BUSINESS OFFICER'S REPORT

Mr. Penn stated that the Finance Committee reviewed the report and stated that they were submitting a revised report for the Board's review. The year-to-date 2006 expenditure was incorrectly reported for the Board packages. The expenditures are actually only \$59,452.00. With that change, Mr. Penn moved approval, seconded by Mr. Brown, the Board unanimously approved the Chief Business Officer's Report dated July 2005.

4. CHAIRMAN'S REMARKS

Chairman Varin noted the amount of recent publicity surrounding the Big River Management Area. He noted an article printed in the *Providence Journal* by Jennifer Tuttle of the Sierra Club and stated that in her article she stated that she enjoys the Big River Management Area and how hiking, canoeing, hunting and horse-back riding enthusiasts from across the State and beyond enjoyed this area. However, she is opposed to using Big River to develop drinking water supplies. She states that there are better ways to meet our drinking water needs without ruining Big River. However, the article didn't list any of those ways. Chairman Varin agrees that the Big River Area is threatened but noted that Ms. Tuttle neglected to report that she is one of the largest threats by taking her position.

The Bays, Rivers and Watersheds Coordination Team of which the Water Resources Board is one of several members, met on July 27, 2005. The General Assembly did not confirm or even act on the Governor's appointment of the coordinator of the team—that was thought to mean that the money appropriated was not available and Mr. Richard Ribb could not spend much on the team. Chairman Varin expressed his view that this was a “non-problem.” Either through a recess appointment or an executive order that appropriation can be made available and these actions are being pursued with the Governor's staff. The major substantive work continues on drafting the goals for the systems-level plan that is required by statute.

Chairman Varin and Ms. Crawley met with Juan Mariscal, who was present, and reviewed all major activities so he could get a better handle on what was happening. However, this wasn't done until after it was too late for him to back out (of becoming the new General Manager).

Ms. Crawley and Chairman Varin met with Sandra Whitehouse on August 3 to discuss two legislative matters. One was the Separation of Powers bill which was approved by the General Assembly, but vetoed by the Governor. The Chairman continued that Ms. Whitehouse expected there to be an attempt to override the veto sometime after Labor Day. This bill would increase the Board membership to 15 and direct attention to some areas for representation on the Board. This was the Governor's reason for vetoing it; he does not believe this is a legitimate procedure under Separation of Powers. Ms. Whitehouse was not familiar with the other issue—the Moffitt Resolution. She indicated that she would get a copy of the resolution and contact the Speaker to determine what his approach would be. Chairman Varin requested that the study commission not meet until November to allow the Board, particularly Mr. Mariscal, the time to prepare for the “consideration of sale for all or part of the Big River Management Area.” Chairman Varin also noted that he and Mr. Mariscal were scheduled to meet with the Governor's staff tomorrow to discuss “water policies.” This concluded Chairman Varin's report.

5. GENERAL MANAGER'S REPORT

Mr. Chairman, members of the Board, July was once again an extremely productive month. Brian Riggs accomplished excellence in preparing the operating budget for your approval with a very quick turnaround to meet the September 1 filing deadline. Elaine Maguire has also worked very hard to finalize the fair market appraisal process to accomplish the signing of new leases by October 1. We met with tenants on July 20 to present the appraisal report and distribute the new leases. The meeting was sparsely attended in contrast to prior years. Elaine followed up to personally deliver proposed leases to the tenants. Seven tenants requested appointments to further discuss or appeal the new rents. We met with each individually on August 4. Three of the appeals resulted in an adjustment, one is pending further documentation and three resulted in no adjustment. Upon board approval we will move forward to the State Property Committee for a special meeting at the end of the month.

Fortunately, Tom Walker recovered quickly from the automobile accident last month. We are happy to have him back and in good spirits. He has reviewed the Shad pipeline design bids with the Bristol County Water Authority in preparation for today's meeting. Tom Walker, Beverly O'Keefe, Rob Christina and I met with Maguire, the consultants for the Phase II Supplemental Water Study for a very productive project meeting on the build out methodology to be used for the supplemental water study. This will be reported to the PDWP committee next month.

As follow up to the Board's directive last month, Beverly O'Keefe will attend a meeting on September 8 at the RIEMA to discuss funding of the Pawtuxet stream gage. The meeting will include FEMA, USGS, and NWS. The Rhody Rovers event and clean up were successful and the second event will be held on August 29.

Last month I mentioned that we have been contacted regarding the North Smithfield and Woonsocket water supply agreement. I have requested a written interpretation from the Attorney General's Office. Becky Partington assigned the work to Christy Hetherington and we are in discussion.

The Web page continues frequent updates thanks to Beverly and Rob. Beverly is also keeping close tabs on water conditions as required by the State Drought Plan. A press release was issued and posted to the web asking the public to support local supplier restrictions and to conserve water during the summer months. Peter

Lord contacted the office to discuss the release. We will convene the Drought Steering Committee next week to review conditions and introduce new members. We will continue to monitor conditions.

Last Friday, Tracy Shields and I attended the Attorney General's annual open government conference at Roger Williams University.

Will Rivero and I will attend the Westerly Town Council meeting tonight and the Newport Council meeting tomorrow night to present the checks for the Phase III projects approved last month.

The Property and Finance Committees met in preparation for today's meeting. The Operating Budget has been prepared for your approval. The report of routine matters approved in committee is attached to today's agenda for your review and comment.

In closing I would like to add that it has been a pleasure to serve in the capacity of Acting General Manager. I would like to personally acknowledge and thank the staff for their support and dedication. I look forward to continuing to serve the Board and our new General Manager, Juan Mariscal as Staff Director.

Mr. Chairman this concludes my report, are there any questions?

Mr. Penn moved that a vote of confidence and appreciation be taken in honor of Ms. Crawley's service for the past year. He also noted the membership's wish that the process had not taken as long as it had. Mr. Perry seconded the motion and it carried unanimously.

Chairman Varin noted his agreement that everything had been done right and in a timely fashion. He added that Ms. Crawley had performed in an outstanding manner.

6. COMMITTEE REPORTS AND ACTION ITEMS RESULTING

A. Public Drinking Water Protection Committee— Chair Robert Griffith

This committee had not met.

B. Property Committee—Chair Frank Perry

- (1) Fair Market Rental—Request for Acceptance, Subject to Adjustments on Appeal and State Property Committee Approval. Keith White, White Appraisal

Mr. Perry explained that the membership had in front of them a spreadsheet showing the rental histories of the various properties and their categories. As Ms. Crawley alluded, all the tenants were invited to a public meeting presenting how the appraisals were done and to receive their leases. Those with questions on their rents were given the opportunity to meet with the appraiser, the General Manager and Ms. Maguire to review the procedure. Mr. Perry introduced Mr. Keith White who conducted the appraisals and noted that the full appraisal report for all the properties was available. Mr. Perry explained that Mr. White would explain how he arrived at the various figures. Mr. Perry requested that the membership note that the properties highlighted in yellow on the spreadsheet were original owners and that each original owner per policy was continuing to pay the amount they had been paying since the original taking of this land.

Mr. White explained that White Appraisal had conducted each fair market appraisal since 1995, done in a 5-year cycle to re-analyze each tenant's rent. He explained that his firm had been engaged and followed the same process as had been done previously, meaning they met with the tenants and explained what would be done. Although he believed that the membership and staff were familiar with the process, he explained for those who might not be that they go and inspect the property to determine its particular characteristics: its size, shape, condition, layout, quality, etc., much like any other appraisal. In this appraisal, they were determining what the market rent of the property would be. After that analysis, we go out into the market place and try to discover in the Coventry-West Greenwich area what are homes renting for—in other words, if these properties were placed on the open market, what market rent would be expected.

Mr. White called attention to the fact that these are older homes, they are in a special and unique area, but most importantly, the Board does not act as a typical landlord. These folks live there, and other than paying their rent, they may have no contact with the Board conceivably over those 5 years—although that is not likely. However, these folks are responsible to do all their own maintenance: broken windows, plumbing repairs, routine upkeep of the property, mowing the lawn, etc., which makes this situation different. Consequently, we attempted to give the tenants credit for the fact that they are in a non-traditional rent situation.

At the end of the process, we met with the tenants (a week or two ago) and explained to them again how the numbers were arrived at and those numbers were made available to them. There were several folks who came in to appeal and requested reconsideration based upon either some discrepancies or some additional information they wanted to supply. Mr. White explained that 4 adjustments in total were made; 3 went down and 1 went up. He explained to the membership that he and his company had accomplished all they had been requested to do and this was White Appraisal's opinion as to what these market rents should be.

Mr. Perry asked the Board if there were any questions. Mr. Stamp asked Mr. White how he accounted for upkeep. Mr. White explained that they looked at how well the tenants took care of the property. In the market place, he was aware of what a routine maintenance budget would be for a homeowner and tried to apply a percentage of that to the rent. In this situation, the routine maintenance budget runs from \$150 to \$300 per month as to what the tenants will receive as a credit towards their rent. Again, in the open market, the landlord is there, plowing the snow, shoveling, doing certain types of lawn care and certain maintenance, and in this instance, the tenants can't be calling the Board for these issues. If you rented your own single family home, for example, that tenant would be contacting you any time something went wrong. In this instance, these tenants tend to be left alone unless it's a major structural issue. So, again, it's based on a comparison to other situations we see in the market, to some extent it's a percentage factor of what the total rent is. However, the main issue is: how well do they maintain the property and what is the condition and size of the property itself. Again, the credit can vary and it's a wide variation from \$150 to \$300.

Mr. Stamp then asked if these rents were approved by this Board or by the State Properties Committee. Mr. Perry explained that this was done through the State Properties Committee, but this Board was the actual landlord.

Chairman Varin explained that the rents themselves were subject to the approval of the State Properties Committee, so whatever action this Board took would be subject to the approval of the State Properties Committee.

Mr. Stamp asked why the requirement for State Properties Committee involvement, and the Chairman and Mr. Perry explained it was standard operating procedure. Any lease of state property including beach concession stands and the like required the approval of State Properties.

Ms. Swallow noted that the largest percentage increases were attributed to those tenants subject to HUD guidelines and wanted to know why. Mr. Perry explained that those are individuals who receive HUD benefits and in these rents, the HUD figures have not yet been included, which accounts for this anomaly. Mr. Perry explained that there would be an adjustment down once the HUD formula had been applied.

Mr. White explained that some of the tenants were not paying the rents indicated. Mr. Perry continued that HUD had subsidized some of the rents. Mr. White noted that his determination had provided market rent but that the Board had made certain accommodations for certain individuals based on special circumstances including low income.

Mr. Perry noted that for those individuals on the spreadsheet highlighted in purple with a double asterisk at the bottom, it was noted that for these rents, HUD allowances had not yet been calculated. Therefore, the HUD formula has not yet been applied; consequently, those rents would decrease.

Ms. Swallow clarified that it was because these tenants had a higher supplement this accounted for the appearance of a substantial increase for these tenants. Mr. Perry confirmed this understanding.

Mr. Stamp wanted to know if over time the list of tenants had decreased. Mr. Perry explained that it had because the Board's policy has been that any time a property becomes vacant, if the renovation costs exceed 25 percent of the value of the property, the building is torn down. It is the Board's goal to remove 2 homes per year.

Mr. Perry confirmed Mr. Stamp's understanding that the WRB Property Committee made these decisions for approval by the full Board based upon the annual inspections done by the Building Code Commissioner's Office. Mr. Perry explained that the Board was required to take certain actions regarding major items, such as electrical systems, roofs, heating systems, and septic systems. Most of the septic systems have now been replaced. We are responsible for all major structural repairs. This is when the Board decides whether or not the repair would exceed 25 percent of the value of the property.

Mr. Perry clarified for Mr. Stamp that Ms. Maguire as Property Manager contracted for these major repairs—not the tenants themselves. Mr. Perry continued that Ms. Maguire would search for an approved vendor to do this work. Mr. Perry continued that State Properties was not involved with individual repair situations because the Board was responsible.

Mr. Stamp explained that someone had brought a situation to his attention involving a tenant's porch roof. Mr. Perry explained that this situation involved more than a porch roof. Mr. Stamp explained his understanding that nothing had been done to replace the porch roof. Mr. Perry explained that this particular situation would be up for discussion at the next WRB Property Committee meeting. He noted that this is a major issue as the porch has been condemned by the Building Code Inspector. Therefore, it must be thoroughly repaired or removed. It is a decision that must be made and the 25 percent value will have to be determined. Mr. Stamp continued that it was an elderly couple that has been there for the entirety, that had a business on the property and that due consideration should be given to them. It was noted that they were one of the original owners.

Mr. Perry explained that currently the cost of repair was unknown; however, if he had to guess the cost could be as high as \$10,000 and these tenants are only paying \$175 per month in rent. Mr. Stamp continued that this couple had lost 20 years of opportunity for a business there, and they have been put in limbo because of an action by the State in taking the land for the development of a reservoir, and they lost appreciative value of something that really shouldn't have been taken at the time because it wasn't used, and that should also be considered.

Mr. Perry acknowledged there were many things to consider and the committee would look at all of them.

Mr. Penn explained that he had a philosophical concern with this recommendation. The methodology of appraisal was valid; there was no question that the residential real estate market in Rhode Island over the last 5 years has gone through the roof as it has throughout the North East. However, when he looked at these percentage increases from one year to the next—they were all double digits. He concluded this was going to be a "sticker shock" situation for the tenants. Granted only 7 people came forward to request an adjustment. However, the Board is not a for profit real estate owner. He noted the Board is a state agency and wondered if it made sense for us to be increasing people's basic residence by double digits. He wanted to know if there wasn't some way we could smooth out that "sticker shock" because not only is there a double-digit increase this year to next year, but then it goes up each year thereafter based upon the residential component of Boston's CPI. It's escalating and at some point he thought that the Board should not be looking at this as a for profit venture capital return on investment, but have some consideration for the individual tenants.

Chairman Varin noted that this was discussed at the Finance Committee meeting; however, no solution was determined.

Mr. Stamp continued that the Board is a landlord and a landlord has discretion at any point to charge any amount of rent. He noted that an appraisal was only done for a specific time and dealt with someone at a specific time. It was this Board's decision to decide what goes forward. He added this was our responsibility; the Board had the discretion to do that as a land owner. He continued that appraisals are given to us to peruse and look at, but they are certainly not fact by which we must abide.

Mr. Perry noted that some of the rents have gone up significantly partly because of work the homeowner has done since the last appraisal. A couple of them had significant improvements done. Mr. White acknowledged that was true. However, the major difference between 2000 and 2005 is that the rental market to some degree piggybacked onto the housing market in general and that market had just gone "wild and crazy." If any of these folks were to go out into the open market in Coventry or West Greenwich, they would not be able to rent a single family home for less than \$1,000.

Mr. Stamp reiterated the fact that the reservoir had not been built in a timely fashion after the taking of the land. He stated if we were to do that today, the appreciative value would actually be given to many of these original owners for purchase of their property which they missed out on. Therefore, we have to look at that from our perspective, too.

Chairman Varin questioned Mr. Stamp as to his meaning. Mr. Stamp responded that because this land was taken for a specific purpose by the State in the 1960s, the then residents were paid market price at that point in time. However, their property hasn't been used for the stated purpose for over a 20-year period. So actually it was an abuse of eminent domain from the standpoint of the owners. The owners were duped and convinced that the State would build the reservoir and that project was never accomplished. For 20 years, all that appreciative value was lost to the original owners.

Mr. Perry explained that Mr. Stamp was mixing apples and oranges because the tenants they were discussing right now with increases in rents are not original owners. These are people who have come in since then and chosen to rent. Mr. Stamp continued that in 1771 there were actually rent wars in this country if you understand your history. It was in representation by people that were paying rent to the king and they revolted and formed our country. He noted that we can look at this analogy in the same fashion—that a piece of land was taken, but not used.

Mr. Perry reiterated his apples and oranges comment. He explained to Mr. Stamp that when you talk about original owners, you are talking about one group of people. But, the people for whom Mr. Penn just spoke who are facing double-digit increases are not original owners. Original owners are facing 0 percent increases. They continue to pay the same rent that they were paying when the land was taken in the 1960s. They have been paying the same rent for over 40 years. However, we are not discussing original owners right now. Therefore, when you discuss original owners and appreciative value, you are discussing a different issue. There are 2 issues. When we talk about market rentals, we are not talking about original owners. These are people who have chosen to move into these homes and abide by state procedures including CPI increases and fair market rental appraisals every fifth year.

Chairman Varin noted that some of the residents had moved into the properties before this Board began looking at the rents, and they benefited by paying extremely low rents for some time. Therefore, you have several different conditions here.

Mr. Stamp stated that he understands there are some original owners and others who are not. He continued that he may be unfamiliar with policy, but he believed that one policy was that when an original owner left the property, the house was destroyed and that hasn't been the case in every instance.

Mr. Perry explained that the home is destroyed only if repairs would exceed the 25 percent of value.

Mr. Stamp asked who made the decision as to whom the new rental would go. Mr. Perry explained that State Properties made that decision and continued that these situations did arise often since most of the residences that are turned over are torn down.

Chairman Varin explained that if there was a new tenant for an old property that would be a decision for State Properties to make.

Mr. Penn explained that a new tenant should be paying market rent. But it was just a question of all these people (in white on the spreadsheet)—should they be hit with double-digit increases in one year? He didn't think they should be.

Ms. Swallow wondered if any of the rents which are increasing substantially are due to the renter having spent a large sum of their own money on improvements to the property. She noted that it did not seem quite fair. If they had spent \$10,000 to improve the house quite a bit for the Board to go in and say it's worth a lot more in rental value and consequently, increase the rent for that tenant.

Mr. White explained that these properties have evolved; that he had not painted with a broad brush and said everyone should go up a certain percentage or that everyone should go up \$75. His staff looked at these 38 or 39 specific homes at this point in time. For example, he could have been wrong in the year 1995 or the year 2000. He may have been too low or too high, so that would obviously skew and change the percentage analysis of that particular home. But, he would also say to the Board that in both 1995 and 2000, these reports were reviewed and accepted and even the tenants moved on and lived with it. He understood that these are seemingly high increases, but all the folks that he spoke with every step along the way were aware of the rental market in this area. Again, if they moved from here and tried to get a single family home in that area . . . Again, he stated he was speaking as a consultant and an appraiser of the open market—all the other issues: HUD subsidized, the history of the project, the area and all the others are side issues. But, as a consultant all these properties would easily and comfortably rent for this, and if these folks were to go elsewhere that is when they would experience true "sticker shock."

In response to a question from Ms. Swallow, Ms. Maguire explained that there were 10 original owners remaining, and those rents do not increase. She had 4 tenants that are HUD subsidized. The rest were spoken to and all wished to remain in their property despite the increase.

Ms. Swallow asked if any tenant had made substantial improvements at their own cost. Ms. Maguire explained that there was one tenant who came in and spoke with Ms. Crawley and her, and he indicated and kept good records of what he had done for the property. Once he was heard and the work that had been done was verified, there was an adjustment made for him.

Mr. Brown asked if there were others. Ms. Crawley explained that there were a couple of others—one was a typographical error and there was another in which some of the space was discounted because it was uninhabitable.

Mr. Penn acknowledged that this was the test. If all the tenants had the opportunity to appeal and only 7 did, then perhaps his concerns were not shared by the tenants.

Chairman Varin noted that the Board had an additional responsibility and that was to set reasonable policy. He continued that the reason the Board had implemented this policy many years ago was in response to complaints by both Board members and from others that state-owned property was being given away at much too low rents. Of course, in the case of an original owner, that complied with statute. However, everyone else did not fit into that category. He continued that the Board could choose not to rent at the appraised value, but this was a responsibility that must be considered as well.

Ms. Maguire then listed those tenants who had received rental adjustments. Cross went from \$750 to \$650; Negley came down \$50 and MacIntosh, due to the size of the home, the rent decreased to \$750 from \$900. The other tenant who indicated work had been done is Reed and once that work has been verified that rent will be adjusted.

Based on those adjustments, Mr. Perry moved endorsement of the list and forwarding it to the State Properties Committee with a second by Mr. Brown, the motion carried with Mr. Penn abstaining and Mr. Stamp opposing.

Mr. Perry stated that he wanted the membership to know that there was a letter of appreciation to Ms. Maguire from the Coventry Girls Softball Association. He also wanted to inform the membership that at the next WRB Property Committee there would be 2 residences up for action.

C. Finance Committee—Chair William Penn

Mr. Penn noted that at Enclosure 4 was the revised 2006 Operating Budget and the proposed 2007 Operating Budget. He explained that there are 3 major problems with this—they involved mandates from the State Budget Office. First for this fiscal year, there was not enough money to pay the incoming General Manager's salary. This figure was placed into the budget at entry level with no consideration for education, experience, benefits, etc. Therefore, the Board would have a deficit this year, and we are requesting that the State Budget Office and state legislature correct this situation. It was not significant—it was about \$15,000; it was something that if "push comes to shove," some money could be found to accommodate this cost.

In 2007, there would be the same problem—they have under budgeted for Mr. Mariscal's salary, and more importantly, they have eliminated the money for the Supplemental Water Supply Study, Phase II, which is currently under contract and currently underway.

These 3 areas have been noted in the Chairman's transmittal letter to the Governor. Chairman Varin emphasized that the letter was still a draft—it had not yet gone to the Governor. Mr. Penn explained that this had been discussed at the Finance Committee and it was cause for concern. The committee was troubled that we are not being appropriately funded for contractual commitments and Mr. Penn noted that we must continue to push to ensure that we have sufficient funding for our general manager as well as the Supplemental Water Supply Study.

With that as background, Mr. Penn moved approval of the budget request and authorizing the Chairman to send the cover letter to the Governor and Budget Office. Mr. Brown seconded and the motion carried unanimously. Chairman Varin commented that the Board would have another chance at the 2007 budget next spring when it would be considered by the House/Senate Fiscal Offices. The Chairman had met with Mr. Riggs and this year's shortfall can be absorbed by other economies. This was the best we could do for FY 06, but we'll get another shot at the FY 07 budget.

D. Construction, Engineering and Operations Committee—Chair June Swallow

Ms. Swallow noted that this committee had not met.

E. Legislative Committee—Chair Daniel W. Varin

Chairman Varin explained that this committee had not met.

F. Strategic Committee—Chair Daniel W. Varin

Chairman Varin stated that this committee had not met.

H. Personnel Committee—Chair Jon Schock

There was no business to report under this committee.

7. NEW BUSINESS

8. OTHER BUSINESS

(1) Shad Factory Briefing—Pasquale DeLise, Executive Direct, Bristol County Water Authority

Mr. Walker explained that the bids had been received for the RFP on the Shad Factory pipeline. At this point, Mr. DeLise continued that the proposals were received for engineering and permitting on the new Shad Factory pipeline. Five very good proposals were received from very capable firms. Bristol County's evaluation was completed by requesting to and meeting with each firm. Today, Mr. DeLise had a final recommendation of Dewberry Corporation from Boston. Mr. DeLise continued that it was Bristol County Water Authority's opinion that any one of these firms could do the work. However, it was believed that Dewberry had a handle on the complexities of the project and what the priorities really were. Therefore, they strongly recommended awarding this contract to Dewberry. Mr. DeLise continued that the hourly rates were similar; however, the total cost of the project ranged from \$100,000 to \$480,000 for the same job. Mr. DeLise noted that it took time and money to prepare these proposals, so he was confident that all had intended to get the job. It was simply a matter of how they were approaching the project and that some firms may have had more familiarity with the situation than others.

Mr. DeLise added that the Authority strongly recommended Dewberry and that Dewberry just happened to be the low bidder. Mr. DeLise offered to go into details if the membership desired. Chairman Varin noted that Mr. Walker had reviewed all the materials and that he was satisfied. The Chairman referred the membership to the last paragraph of the letter (on the back of the page) that the staff's recommendation was that the Board concur in Bristol County's selection of Dewberry, Good, Kind to perform the design services.

Mr. Penn noted that Maguire Group had been working with Bristol for years and asked if they knew something that the other firms weren't aware of and Chairman Varin asked whether the other 4 firms knew something that Maguire did not know. Mr. Walker explained that design costs were really nothing compared with construction costs. We knew we would start at point A and go to point B, but there were a few ways of getting there. Some were cheap and some were expensive. Depending on the exposure that the consultants have had with the different towns in Massachusetts, and various things affecting alignment would account for the large difference in costs. All aspects were considered and this was determined to be the best approach. Chairman Varin added that the total cost of the project was approximately \$7.2 million.

Mr. Walker continued that what was looked at was who was going to put it on the back country roads. There was one aspect where you can go 1/3 of the distance on country roads, which would be preferable to going on a main drag and incurring repavement and other costs. You could cross over Interstate 195, you could hang the pipeline on one of the existing bridges or you could go underneath the sleeve that is there. However, one of the problems with that was that you needed to maintain this pipeline and therefore have access to it. The proximity to the existing sleeve would preclude that being the proper direction to take. Mr. Walker explained that it was obvious from reviewing the recommended proposal that Dewberry had put forth the time necessary to analyze the situation and decided on a different approach.

Mr. Mariscal noted that he had never heard of Dewberry, Good Kind and acknowledged that it might be because most of his career has focused on the other end of the pipe, but he requested a little information about the consultant—what size firm they were, what type of work they had done in the past?

Mr. DeLise answered that they were a very large firm and they had done work across the board—pipe installation on water plants, sewer plants—all over the world. Mr. DeLise could not recall their budget, but noted that it was substantial—on a level with Maguire or perhaps even larger. He added that he knew some of the employees personally and it was a very good firm. They had a strong background in projects similar to this one.

Mr. Mariscal asked if the contracts were lump sum or cost plus a fixed fee. Mr. DeLise answered that they were lump sum.

Chairman Varin noted that the Board's financial risk was a fixed amount unless the General Assembly decided something else. Mr. Stamp moved approval with a second by Ms. Swallow. The motion was approved unanimously.

9. RECESS OF BOARD FOR BOARD CORPORATE BUSINESS

With no objection, Chairman Varin recessed the Board for Board Corporate Business at 1:14 p.m.

10. RETURN FROM BOARD CORPORATE BUSINESS

At 1:19 p.m., the Board returned from Board Corporate business.

11. ADJOURNMENT

On a motion by Mr. Penn, seconded by Ms. Swallow, the Board unanimously voted to adjourn at 1:20 p.m.

Respectfully Submitted,

Tracy Shields
Personnel Aide

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